

VIA ELECTRONIC FILING

July 14, 2003

Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, S. W.  
Room TW-B204  
Washington, DC 20554

Re: In the Matter of Federal-State Joint Board on Universal Service: Alltel  
Communications, Inc. Petition for Designation as an Eligible Telecommunications  
Carrier in the State of Virginia, CC Docket 96-45

Dear Madam Secretary,

Amelia Telephone Company, Buggs Island Telephone Cooperative, Burkes  
Garden Telephone Company, and Peoples Mutual Telephony Company, collectively the  
Respondents, are submitting this letter and attachment as its Reply to the Petition and  
comments filed in the above-captioned matter.

On June 4, 2002 in this docket, several Rural Telephone Companies operating in  
the Commonwealth of Virginia filed comments concerning the petition of Virginia  
Cellular LLC for designation as an Eligible Telecommunications Carrier. The serious  
policy issues presented by Alltel's petition are identical to those in the Virginia Cellular  
LLC petition. Therefore, the Respondents oppose the Alltel petition for the reasons  
stated in the attached comments.

Sincerely,

Earl D. Bishop

cc: Wireless Competition Bureau  
Alltel Communications Inc.  
Verizon  
CTIA  
Respondents

**BEFORE THE  
FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON, D.C.**

In the Matter of	)	
	)	
Federal-State Joint Board on	)	CC Docket No. 96-45
Universal Service	)	
	)	
Petition of ALLTEL Communications, Inc.	)	
For Designation as an Eligible Telecommunications	)	
Carrier in the State of Virginia	)	

**COMMENTS OF VIRGINIA RURAL SOUTHSIDE TELEPHONE COMPANIES**

Amelia Telephone Company, Buggs Island Telephone Cooperative, Inc., Burkes Garden Telephone Company, and Peoples Mutual Telephone Company, collectively “Virginia Rural Southside Telephone Companies” or “Respondents” submit the following comments regarding the petition of ALLTEL Communications for designation as an Eligible Telecommunications Carrier (ETC) in the State of Virginia.<sup>1</sup> The respondents as well as other telephone companies in the ALLTEL serving territory are directly affected by the ALLTEL petition, and all rural and non-rural telephone companies who receive Universal Service Fund support and their customers may be indirectly affected decisions being considered in this and related cases.

ALLTEL seeks ETC designation for the purpose of receiving universal service support pursuant to Section 214 (e) of the Telecommunications Act of 1996. These comments address certain aspects of the ALLTEL Petition but more generally the larger

issue of Universal Service Fund protection and viability and the potential impact on the smaller rural telephone companies if the fund should be depleted or significantly diminished.

**I. The ALLTEL Petition Fails to Meet any Reasonable Test of Serving the Public Interest**

In its petition ALLTEL alleges that granting it ETC status will further the public interest by bringing the benefits of additional competition and service offerings to an underserved marketplace. ALLTEL, however, provides no proof of this claim. In fact, if the area is underserved, it is as much a criticism of ALLTEL as of any ILECs. ALLTEL, or its predecessors, has been a wireless service provider since cellular service authority was granted in the area. Additionally, portions of the area are extremely mountainous and cellular coverage is not ubiquitous as landline is. Arguably, if there are new services to be brought to the area by ALLTEL, it would be to improve its competitive position vis-a-vis other wireless service providers not to provide the services which are the core services defined for universal service fund support.

**II. The Federal Universal Service Mechanisms are in Danger of Being Unable to Continue Ensuring Affordable Service in Rural Areas.**

The respondents have provided quality telecommunications services in their home areas for many decades, some approaching a century. In these geographical areas universal service support has been crucial for the maintaining of telephone rates that are affordable and providing the funds for upgrading the telephone networks. Over the years,

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<sup>1</sup> See *ALLTEL Communications, Inc. Petition for Designation as an Eligible Telecommunications Carrier*

the support has comes in several forms both implicit and explicit but in all cases it has been a reliable source. Each company has served the regulatory mandate of being the provider of last resort in these areas and has dutifully complied with a variety of regulatory mandates imposed by state and federal authorities. The core purpose of the universal service support has been and continues to be to help telephone companies in high-cost areas to make the investments in the infrastructure and to assure that rural customers have affordable, high quality service.

National trade associations, NTCA and OPASTCO, who represent the interests of the rural telecommunications in the United States, have documented the potentially serious detrimental effect of granting petitions such as ALLTEL's.

Revisions to the access charge and revenue plans have created anomalous situations which threaten the systems. With the creation of the Interstate Common Line Support (ICLS) mechanism as part of the MAG Order, rural companies became more dependent on universal service funding. A large portion of their revenues which previously were recovered through access charges are now recovered as a component of universal service funds. Some companies which previously received little or no USF funding are now recipients. This change in the access charge billing and revenues created a large revenue impact which was not a part of the original formula established to be portable by the Telecommunications Act of 1996. Similarly, Verizon has identified in its comments filed in this case that the impact of the CALLS plan has created an impact on the high cost funds which in the long term may be unbearable.

### **III. The FCC Should Consider Additional Public Policy Issues Raised by ALLTEL's Petition to Serve only Portions of Rural Service Areas.**

ALLTEL has requested that in several locations serving areas may need to be redrawn to match its service area. In the case of rural telephone companies, the service area often means the company's entire study area. Cases of complete disaggregation of a company study area are likely to occur as different competitors may request the same actions. Cellular service areas do not coincide with PCS service areas and CLEC service areas may have no firm boundaries. The public interest will not be served by this action.

A measure or analysis of the service areas served by ALLTEL creates a great study or contrasts. It includes two of the most populated areas of the state, Richmond and Virginia Beach, and some of the least populated poorest areas of the state in Southwest and Southside Virginia. Addressing these with a broad brush is not in the public interest.

### **IV. Due to the Pending FCC Deliberations, a Hasty Decision Should be Avoided.**

The FCC currently has before it many cases dealing with this issue of Eligible Telecommunications Carrier qualifications and the broader issues of Universal Service Funding. The continued viability of the universal service fund depends on maintaining the careful balance between funding and distribution. Alternative funding proposals point to possibly freezing, capping, or somehow limiting the growth of the fund of portions of it. At a time when these areas are being reviewed, designating additional recipients of funds may prove to be an unwise action. Careful and deliberate attention to these details will be in the long-term best interests of the industry and the public.

### **Conclusion**

The Virginia Rural Southside Telecommunications Companies represented in this response appreciate the opportunity to raise their concerns about the pending petition of ALLTEL Communications, Inc. to be designated an ETC for its Virginia Service Area and requests the FCC to carefully consider these comments in reaching its decision and defer acting on the petition until the Joint Board deliberations have been concluded.

Respectfully submitted,

/s/ Earl D. Bishop

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*for the filing companies*

Dated: July 14, 2003